

Message Text

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ACTION EUR-25

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CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

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R 301610Z AUG 74

FM AMCONSUL HAMBURG

TO SECSTATE WASHDC 3131

INFO AMEMBASSY BONN

AMCONSUL FRANKFURT

UNCLAS HAMBURG 1086

E. O. 11652: N/A

TAGS: EFIN EINU GW

SUBJ: VOLKSWAGEN INVESTMENT IN U.S.

REF: (A) BONN 13498 (B) HAMBURG 752 (C) HAMBURG 364

1. FOR PAST THREE DAYS, GERMAN PAPERS HAVE BEEN CARRYING ITEMS STATING THAT VOLKSWAGEN HAS DECIDED TO INVEST IN AN AUTOMOBILE PRODUCTION FACILITY IN PITTSBURG, PA., WITH DECISION TO BE ANNOUNCED SEPTEMBER 2ND AFTER VW BOARD MEETING. THE FIRST SUCH REPORT WAS ON AUGUST 28 IN THE HAMBURG TABLOID "BILD", WHICH IS NOT NOTED FOR ACCURACY. ON AUGUST 29 THE LEADING GERMAN ECONOMIC DAILY, DUESSELDORF'S "HANDELSBLATT", PICKED THE ITEM UP AND GAVE IT PROMINENT FRONT PAGE TREATMENT. ON AUGUST 30, "HANDELSBLATT" DID A FEATURE STORY ON PITTSBURG, LINKING IT TO THE ALLEGED DECISION OF VW TO INVEST THERE. NONE OF THE ARTICLES REVEALS ITS SOURCES.

2. IPOST HAS DISCUSSED THESE ARTICLES WITH DR. GUENTHER FLUES, HEAD OF AMERICAN MARKET AT VW, WHO STATES FLATLY THAT THERE IS ABSOLUTELY NO TRUTH TO THESE REPORTS. FOR FIRST TIME, DR. FLUES ALSO STATED THAT HE EXPECTS NO DECISION ON INVESTMENT TO

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BE MADE THIS YEAR. HE BELIEVES STORIES TO CONTRARY ARE BEING FLOATED BY PERSONS ATTEMPTING TO INFLUENCE OR ACCELERATE THE DECISION-MAKING PROCESS.

3. EMBASSY HAS DISCUSSED SITUATION WITH DR. JOSEPH RUST, VW'S CHAIRMAN OF THE BOARD OF DIRECTORS (AUFSICHTSRAT), WHO STATES THAT NO DECISION HAS BEEN MADE AND THAT HIS OWN MIND IS STILL OPEN. HE EXPECTS THAT THE BOARD WILL ISSUE A STATEMENT AFTER ITS SEPTEMBER 2 MEETING SAYING THAT THE SUBJECT WAS DISCUSSED BUT NO DECISION HAS BEEN REACHED.

4. POST, IN COORDINATION WITH PARALLEL EFFORTS BY AMEMBASSY BONN, WILL CONTINUE TO FOLLOW DEVELOPMENTS CLOSELY. BROGAN

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